

Attachment 17: Funded/Unfunded and Covered/Not Covered Liabilities

The following information is applicable to all appropriations and appropriation groupings except trust funds:

Funded liabilities include all liabilities for which budget authority has been received. Therefore, funded liabilities include (1) budgetary expended authority – unpaid, (2) liabilities covered by unexpended obligations, or (3) liabilities covered by unobligated budgetary resources.

Unfunded liabilities are those in which budget authority has not been received and congressional action is needed before budgetary resources can be provided. Unfunded liabilities are classified as liabilities not covered by budgetary resources.

The Defense Departmental Reporting System-Audited Financial Statements (DDRS-AFS) module uses the following attributes to distinguish between funded and unfunded liabilities:

Funded liabilities are categorized as liabilities covered by budgetary resources and are denoted by the following attribute:

- F budgetary expended authority – unpaid (accounts payable)
- C liabilities covered by unexpended obligations (undelivered orders) or covered by unobligated budgetary resources

Unfunded liabilities are categorized as liabilities not covered by budgetary resources and are denoted by the following attribute:

- N not covered by budgetary resources.

An example of accounting entries for unfunded environmental liabilities follows:

On September 30, 2001 an entity has \$10,000 in unfunded environmental liabilities (USSGL 2995N attribute, N represents not covered by budgetary resources).

Budgetary Entry		Proprietary Entry	
DR	CR	DR	CR
		6800	10,000
No budgetary entry		2995N	10,000

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(1) On October 1, 2001, an entity received a \$ 100,000 appropriation. The \$10,000 amount that covers the prior-year unfunded environmental liabilities is included in this amount. This \$10,000 amount is earmarked to cover the unfunded environmental liability.

Budgetary Entry

	DR	CR
4119	100,000	
4450		100,000

Proprietary Entry

	DR	CR
1010	100,000	
3101		100,000

(2) On October 5, 2001, all of the money was apportioned. (USSGL 2995C attribute, C represents covered by budgetary resources)

			2995N	10,000
4450	100,000		2995C	10,000
4510		100,000		

(3) On October 6, 2001, \$25,000 of the entity's non-earmarked money was allotted and \$10,000 of the money earmarked for environmental liability was allotted:

4510	10,000		
4610		10,000	No proprietary entry

(4) On November 5, 2001, the entity issues a contract for \$ 5,000 with Safeway Environmental Cleanup, Inc., to perform a portion of the clean up.

4610	5,000		
4801		5,000	No proprietary entry

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(5) On November 30, 2001, Safeway Environmental completes its work and the entity receives a bill. The entity approves the bill.

Budgetary Entry

	DR	CR
4801	5,000	
4901		5,000

Proprietary Entry

	DR	CR
3107	5,000	
5700		5,000
2995C	5,000	
6800		5,000
6100	5,000	
2110		5,000

(6) On January 3, 2002, the Safeway bill is paid.

4901	5,000	
4902		5,000

2110	5,000	
1010		5,000

Note: Since trust funds do not receive annual appropriations, funded and unfunded liabilities are based on the arithmetic difference between benefits already earned and assets on hand to pay future benefits.